

May 5, 2006

Honorable Duncan Hunter Chairman Committee on Armed Services U.S. House of Representatives Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office has prepared the enclosed table showing a preliminary estimate of the direct spending and revenue effects of H.R. 5122, the National Defense Authorization Act for Fiscal Year 2007, as approved by the Committee on Armed Services on May 3, 2006. CBO's complete cost estimate for H.R. 5122, including the discretionary costs of the bill, will be provided shortly.

H.R. 5122 would affect direct spending for several defense programs, such as death gratuity benefits, the TRICARE pharmacy program, the acquisition of military facilities, and the sale of assets from the National Defense Stockpile. Enacting the bill also would affect federal revenues, beginning in 2010.

Based on the legislative language for H.R. 5122 that was provided to CBO on May 5, 2006, CBO estimates that enacting this bill would increase direct spending by \$12 million in 2007, reduce direct spending by \$10 million over the 2007-2011 period, and increase direct spending by \$1 million over the 2007-2016 period. We estimate that enacting the bill would reduce revenues by \$3 million over the 2010-2011 period and by \$21 million over the 2010-2016 period. For the purposes of this estimate, we assume that H.R. 5122 will be enacted early in fiscal year 2007.

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If you wish further details on this estimate, we will be happy to provide them. The CBO staff contact is Kent Christensen.

Sincerely,

Donald B. Marron Acting Director

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Enclosure

cc: Honorable Ike Skelton Ranking Member Preliminary Estimate of the Effects on Direct Spending, Asset Sales, and Revenues for H.R. 5122, the National Defense Authorization Act for 2007

(By fiscal year in millions of dollars)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
		Changes in	Direct Spend	ling (exclud	ing asset sa	les)				
Section 642 - Retroactive Payment of Addit		•								
Estimated Budget Authority Estimated Outlays	45 45	0 0	0	0	0 0	0 0	0 0	0 0	0 0	
•										
Section 643 - Equity in Computation of Disa Estimated Budget Authority	bility Retired F	Pay *	1	1	1	1	1	1	1	
Estimated Outlays	*	*	1	1	1	1	1	1	1	
Section 663 - Enhanced Authority to Remit of	or Cancel Inde	ebtedness of	Members of the	he Armed Fo	orces Incurred	d on Active D	uty			
Estimated Budget Authority	0	1	1	*	0	0	0	0	0	
Estimated Outlays	0	1	1	*	0	0	0	0	0	
Section 709 - TRICARE for Reservists										
Estimated Budget Authority	0	-3	-4	-4	-4	-4	-4	-4	-5	-
Estimated Outlays	0	-3	-4	-4	-4	-4	-4	-4	-5	-
Section 731 - Cost Share Requirement for t										
Estimated Budget Authority	5 5	9	11	11	11	11	11	11	11	1
Estimated Outlays	5	9	11	11	11	11	11	11	11	1
Section 1104 - Death Gratuity for Civilians										
Estimated Budget Authority Estimated Outlays	2	0 0	0	0	0	0 0	0 0	0 0	0 0	
Estimated Outlays	2	U	U	U	U	U	U	U	U	
Section 2807 - Pilot Projects for Acquisition										
Estimated Budget Authority Estimated Outlays	0	0	30 4	60 22	30 41	0 34	0 14	0 3	0 1	
Estimated Outlays	U	U	4	22	41	34	14	3	į.	(
Section 2823 - Maximum Term of Leases R	•								_	
Estimated Budget Authority Estimated Outlays	1 0	2 1	5 3	5 5	5 5	5 5	5 5	5 5	5 5	
Estimated Outlays	O	'	3	3	3	3	3	3	3	,
SUBTOTAL										
Estimated Budget Authority Estimated Outlays	53 52	9 8	44 16	73 35	43 54	13 47	13 27	13 16	12 13	1 1
Estimated Outlays	52	0			54	47	21	10	13	1.
			Asse	et Sales						
Section 3302 - Revisions to Previously Auth										
Estimated Budget Authority	-40 40	-35	-35	-35	-30	-35	-35	-35	0	
Estimated Outlays	-40	-35	-35	-35	-30	-35	-35	-35	0	(
TOTAL - CHANGES IN DIRECT SPEND	ING (INCLUE	ING ASSET	SALES)							
Estimated Budget Authority	13	-26	9	38	13	-22	-22	-22	12	1
Estimated Outlays	12	-27	-19	0	24	12	-8	-19	13	1:
			Changes	in Revenues	s					
Section 709 - TRICARE For Reservists	0	0	0	-1	-2	-3	-3	-4	-4	-4
Memorandum: This section would increase	direct spendi	ng if H.R. 513	22 is enacted	after the Der	artment of D	efense Annro	onriations Act	2007		
	-	-			A unioni oi D	огонос друго	priduolis AU	, 2001.		
Section 581 - Reduction in DoD Accrual Cor Estimated Budget Authority	ntributions to 1 450	ne Military R	etirement Fun 0	a 0	0	0	0	0	0	
		-	~			•		~	-	

Notes:

Estimates are based on the bill language provided to CBO on May 5, 2006.

The following provisions affect direct spending by less than \$500,000:

Section 343 - Sale And Use Of Proceeds From The Sale Of Recyclable Munitions

Section 503 - Management Of Chief Warrant Officers

Section 512 - Military Retirement Credit For Certain Service By National Guard Members On State Active Duty

Section 561 - Criteria For Removal Of Member From Temporary Disabled Retirement List

Section 623 - Encouraging Retired Members To Serve On Active Duty

Section 641 - Military Survivor Benefit Plan Beneficiaries Under Insurable Interest Coverage

Section 705 - Services of Mental Health Counselors

Section 821 - Extension Of Temporary Contract Closeout Authority.

Section 904 - Consolidation Of Authority Relating To DoD Regional Centers For Security Studies

Section 912 - Extension Of Authority For Pilot Program For Provision Of Space Surveillance Network Services To Non-U.S. Government Entities

Section 3113 - Global Threat Reduction Initiative Section 3114 - Contributions To Second Line of Defense Program

^{* =} Less than \$500,000.